UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

AUDIT

OF

UNDP PROGRAMME OF ASSISTANCE TO THE PALESTINIAN PEOPLE

COMMUNITY RESILIENCE AND DEVELOPMENT PROGRAMME FOR AREA C AND EAST JERUSALEM
(Directly Implemented Project No. 69435, Output No. 84013)

Report No. 2253
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Report on the Audit of UNDP Programme of Assistance to the Palestinian People (PAPP)
Community Resilience and Development Programme For Area C and East Jerusalem
(Project No. 69435, Output No. 84013)
Executive Summary

The UNDP Office of Audit and Investigations (OAI), through Talal Abu-Ghazaleh & Co. (the audit firm), from 23 to 29 June 2020, conducted an audit of Community Resilience and Development Programme for Area C and East Jerusalem (Project No. 69435, Output No. 84013) (the Project), which is directly implemented and managed by the UNDP Programme of Assistance to the Palestinian People (the Office). The last audit of the Project was conducted by OAI, through Talal Abu-Ghazaleh & Co. in 2019 and covered project expenses from 1 January to 31 December 2018.

The audit firm conducted a financial audit, in accordance with the International Standards of Auditing (ISA), the 700 series, to express an opinion on whether the financial statements present fairly, in all material aspects, the Project's operations. The audit covered the Project's Combined Delivery Report, which includes expenses for the period from 1 January to 31 December 2019 and the accompanying Funds Utilization statement[1] as of 31 December 2019 as well as Statement of Assets as of 31 December 2019. The audit did not include activities and expenses incurred or undertaken at the "responsible party" level. In addition, the audit did not cover the Statement of Cash as no separate bank account was established and maintained for the Project.

The audit was conducted under the general supervision of OAI in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Audit results

Based on the audit reports and corresponding management letters submitted by the audit firm, the results are summarized in the table below:

Project Expenses*		Project Assets	
Amount (in $ '000)	**Opinion**	**Amount (in $'000)**	**Opinion**
3,564	Unmodified	55	Unmodified

Expenses recorded in the Combined Delivery Report were $4,782,402. Excluded from the audit scope were expenses incurred at the "responsible party" level in the amount of $1,218,189; this amount included $660,000 that was subject to a separate audit conducted by external auditors that resulted in an unmodified opinion.

Key recommendation: Total = **1**, high priority = **0**

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendations, which means, "Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP." This recommendation includes actions to address amounts erroneously recorded as government expenses although the expenses were incurred by UNDP.

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[1] The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) undepreciated fixed assets used at the project level; (c) inventory held at the project level; (d) prepayments made by the project; and (e) outstanding commitments held at the project level.

The recommendation aims to ensure the following reliability and integrity of financial and operational information (Recommendation 1).

Implementation status of previous OAI audit recommendations: Report No. 2070, 15 July 2019).
    Total recommendations: 1
    Implemented: 1

Management comments and action plan

The Special Representative of the Administrator accepted the recommendation and is in the process of implementing it. Comments and/or additional information provided have been incorporated into the report, where appropriate.

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Director
Office of Audit and Investigations